

Message Text

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PAGE 01 LONDON 11916 271024Z
ACTION EB-08

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E.O. 11652: N/A
TAGS: ETRD, UK
SUBJECT: ARAB BOYCOTT: ANTI-BOYCOTT REPORTING
REGULATIONS

REF: LONDON 11823

1. DEPARTMENT OF TRADE HAS NOW INFORMED US REPRESENTA-
TIVES WILL BE DAVID WISEMAN OF COMMERCIAL RELATIONS AND
EXPORT DIVISION AND MISS NUALA O'FLYNN OF SOLICITORS
DEPARTMENT. THEY THINK ONE DAY WILL BE ENOUGH AND SUG-
GEST THURSDAY AUGUST 3, FRIDAY AUGUST 4 OR MONDAY
AUGUST 7. IF NONE OF THESE DATES SHOULD BE SUITABLE,
THEY REQUEST YOU SUGGEST A DATE LATER IN THE MONTH,
PREFERABLY A FRIDAY OR MONDAY.

2. AS TO AGENDA, DOT SAYS NATURE OF CONCERNS ABOUT REGU-
LATIONS HAS BEEN MADE CLEAR TO DOC. BRITISH EMBASSY'S
AIDE MEMOIRE OF JULY 11, 1977 AND NOTES VERBALE OF
AUGUST 25 AND NOVEMBER 18, 1977, AND JANUARY 27, 1978
ARE CITED. PURPOSE OF TALKS NOW CONTEMPLATED WOULD BE
TO ENSURE THAT THEY HAVE THOROUGH UNDERSTANDING OF HOW
REGULATIONS WILL WORK, PARTICULARLY REPORTING REGULA-
TIONS. SPECIFIC AREAS THEY WOULD LIKE TO COVER INCLUDE:
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PAGE 02 LONDON 11916 271024Z

-- A. THE DEFINITION OF US PERSONS TO WHICH THE REGU-
LATIONS APPLY ESPECIALLY IN THEIR APPLICATION TO A
UNITED STATES PERSON LOCATED OUTSIDE THE UNITED STATES,
AND THE INTERPRETATION OF THE TERM "CONTROLLED IN FACT";
-- B. THE TRANSACTIONS AND ACTIVITIES TO WHICH THE
REGULATIONS APPLY, INCLUDING THE DEFINITION OF "A TRANS-
ACTION OR ACTIVITY IN THE INTER-STATE OR FOREIGN

COMMERCE OF THE UNITED STATES";

- C. THE SURVEYS TO BE CARRIED OUT FROM TIME TO TIME BY THE DEPARTMENT OF COMMERCE, REFERRED TO IN SECTION 369.6 PARAGRAPH (7) OF THE REPORTING REQUIREMENTS;
- D. THE DEGREE OF DISCRETION POSSESSED BY THE DEPARTMENT OF COMMERCE OR OTHER US AUTHORITIES IN THE INTERPRETATION AND PRACTICAL OPERATION OF THESE REGULATIONS;
- E. THE MEASURES PROPOSED FOR ENFORCEMENT AND THE PROBABLE ATTITUDE OF THE US COURTS TO THE ACTIVITIES OF OVERSEAS COMPANIES IN RELATION TO THIS LAW.

3. SECRETARY OF STATE FOR TRADE MADE FOLLOWING WRITTEN STATEMENT TO COMMONS JULY 26 IN RESPONSE TO ARRANGED PARLIAMENTARY QUESTION: "I ASSUME THAT MY HON. FRIEND IS REFERRING TO THE RECENT AMENDMENTS TO THE US EXPORT ADMINISTRATION ACT. THE REGULATIONS IMPLEMENTING THESE AMENDMENTS CLAIM TO APPLY TO CERTAIN ACTIVITIES OF THOSE COMPANIES INCORPORATED IN THE UK WHICH ARE CONTROLLED BY A COMPANY INCORPORATED IN THE USA, EVEN IF THESE ACTIVITIES TAKE PLACE OUTSIDE THE UNITED STATES. THE GOVERNMENT ARE CONCERNED AT THIS EXTRATERRITORIAL ASPECT OF THE US REGULATIONS, WHICH IN THEIR VIEW INFRINGE THE JURISDICTION OF THE UK AND COULD HAVE AN ADVERSE EFFECT ON UK TRADE AND EMPLOYMENT. OUR POSITION HAS BEEN MADE CLEAR TO THE US GOVERNMENT, AND MY DEPARTMENT IS LIMITED OFFICIAL USE

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PAGE 03 LONDON 11916 271024Z

DISCUSSING WITH UNITED STATES REPRESENTATIVES HOW TO MITIGATE THE EFFECTS OF THESE REGULATIONS ON UK COMPANIES. ANY UK COMPANY WHICH BELIEVES THAT IT MAY BE AFFECTED BY THESE REGULATIONS, SHOULD THEREFORE CONTACT MY DEPARTMENT AS SOON AS POSSIBLE."

4. THE FINANCIAL TIMES REPORTED THE STATEMENT TODAY, ADDING THE COMMENT THAT "THE DEPARTMENT OF TRADE HAS ITSELF FREQUENTLY DEPLORED THE ARAB BOYCOTT AND SAYS IT HAS NO OBJECTIONS TO AMERICAN LEGISLATION. HOWEVER, IT DID OBJECT TO U.S. JUSTICE DEPARTMENT STICKING ITS NOSE INTO OUR AFFAIRES".

BREWSTER

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